FINANCIAL STATEMENTS

December 31, 2016

CONSUMER
PROTECTION BC

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Consumer Protection BC

We have audited the accompanying financial statements of Consumer Protection BC, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Consumer Protection BC as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Consumer Protection BC for the year ended December 31, 2015, were audited by Hayes Stewart Little & Co. The partners and staff of Hayes Stewart Little & Co joined Grant Thornton LLP subsequent to October 1, 2016.

Grant Thornton LLP

Victoria, BC

CHARTERED PROFESSIONAL ACCOUNTANTS

Consumer Protection BC
Statement of Financial Position
As at December 31, 2016

		2016		2015
Assets				
Cash	$	1,456,354	$	1,573,522
Security held as cash (Note 3)		2,952,507		2,656,507
Accounts receivable		187,062		360,265
Prepaid expenses		85,816		135,244
Short term investments (Note 4)		504,724		444,819
		5,186,463		5,170,357
Investments (Note 5)		2,376,600		2,265,879
Tangible capital assets (Note 7)		1,274,591		1,097,660
Total Assets	$	8,837,654	$	8,533,896
Liabilities				
Accounts payable and accrued liabilities	$	324,643	$	187,152
Wages and benefits payable (Note 9)		504,207		454,648
Security payable (Note 3)		2,952,507		2,656,507
Deferred revenue (Note 10)		1,193,276		1,250,343
Current portion of deferred liabilities (Note 11)		48,315		48,315
		5,022,948		4,596,965
Retirement Allowance (Note 12(b))		95,769		75,040
Deferred liabilities (Note 11)		37,991		86,306
Total Liabilities		5,156,708		4,758,311
Net Assets		3,680,946		3,775,585
Total Liabilities and Net Assets	$	8,837,654	$	8,533,896

Lease Obligation and Commitments (Note 8)

Approved by:

Chair, Board of Directors

President and CEO

Consumer Protection BC

Statement of Operations and Net Assets

For the year ended December 31, 2016

	2016	2015
Revenue		
Licenses, classifications, and other fees and charges	$ 5,295,554	$ 5,447,330
Recoveries	244,086	154,145
Interest, investment and other income	241,869	114,572
	5,781,509	5,716,047
Expenses		
Accounting and legal	82,733	81,666
Amortization	404,872	308,379
Banking and service charges	83,880	70,852
Communications	97,388	98,237
Contract services	211,787	324,195
Governance	160,637	148,484
Information systems and telecommunication	116,048	102,489
Insurance	65,699	68,047
Office	106,546	98,065
Professional development	62,740	35,407
Rent - premises	538,896	525,196
Travel	98,740	99,093
Wages and benefits	3,846,407	3,376,528
	5,876,373	5,336,638
(Deficiency)/excess of revenues over expenses from operations	(94,864)	379,409
Other income		
Gain on sale of tangible capital assets	225	23,020
(Deficiency)/excess of revenues over expenses	(94,639)	402,429
Net assets, beginning of year	3,775,585	3,373,156
Net assets, end of year	$ 3,680,946	$ 3,775,585

Consumer Protection BC

Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
Cash flow from operating activities		
Cash received for:		
Licenses, classifications, and other fees and charges	$ 5,390,951	$ 5,059,230
Recovery of administration, investigation and enforcement	269,555	164,778
Interest from bank accounts	44,553	44,591
Investment and other income	104,034	109,278
Travel agent and debt collector securities (Note 3)	296,000	648,000
	6,105,093	5,915,877
Cash paid for:		
Wages and benefits	(3,776,119)	(3,498,409)
Goods and services	(1,647,100)	(1,709,462)
	(5,423,219)	(5,207,871)
Total cash flow from operating activities	681,874	708,006
Cash flow from investing activities		
Cash paid for acquisition of investments	(965,125)	(850,098)
Cash received from sale of investments	889,118	761,435
Cash paid for acquisition of tangible capital assets	(433,758)	(600,259)
Cash received from sale of tangible capital assets	225	30,293
	(509,540)	(658,629)
Net increase in cash and cash equivalents	172,334	49,377
Cash and cash equivalents, beginning of year	4,241,665	4,192,288
Cash and cash equivalents, end of year	$ 4,413,999	$ 4,241,665
Cash and cash equivalents comprised of:		
Cash	$ 1,456,354	$ 1,573,522
Security held as cash (Note 3)	2,952,507	2,656,507
Cash in short term investments (Note 4)	5,138	11,636
	$ 4,413,999	$ 4,241,665

1. Purpose of the organization

The Business Practices and Consumer Protection Authority (the Authority) was established on March 31, 2004 under the Business Practices and Consumer Protection Act of British Columbia as a not for profit corporation without share capital. After a rebranding process, on August 24, 2009, the Authority commenced doing business as Consumer Protection BC.

As outlined in an administrative agreement with the Ministry of Justice, the responsibilities of Consumer Protection BC are to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace and to administer in the public interest any Act for which the administration has been delegated. Consumer Protection BC is classified as a public body for income tax purposes and therefore is not subject to income taxes.

2. Significant accounting policies

The financial statements of Consumer Protection BC have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. As a result, these financial statements are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following significant accounting policies have been adopted by the organization:

(a) Financial instruments

Consumer Protection BC's financial instruments consist of cash, security held as cash, accounts receivable, short term investments, guaranteed investment certificates, bonds, preferred shares, equities, accrued investment income receivable, accounts payable and accrued liabilities, and security deposits payable:

i. Cash

Cash includes balances held at Canadian financial institutions for the purpose of meeting short term cash commitments.

ii. Short term investments

Short term investments include cash, guaranteed investment certificates and bonds with terms to maturity less than one year at December 31, 2016, and accrued investment income receivable, held for investing.

iii. Investments

Investments include guaranteed investment certificates and bonds with terms to maturity greater than one year at December 31, 2016, preferred shares, and equities.

2. Significant accounting policies cont.

(a) Financial instruments (continued)

Financial assets purchased and sold, where the contract requires the asset to be delivered within an established timeframe, are recognized on a settlement-date basis. Financial assets with actively traded markets are reported at fair value determined on the last business day of the fiscal period, with any unrealized gains or losses reported in income. All other financial instruments are reported at amortized cost, and assessed for impairment at each reporting date. Transaction costs are expensed as incurred.

The financial assets and financial liabilities of Consumer Protection BC are classified and measured as follows:

Assets/liabilities	Measurement
Cash	Fair value
Security held as cash	Fair value
Short term investments	Fair value
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(b) Tangible capital assets

Tangible capital assets are recorded at cost. Expenditures for additions and expenditures which substantially increase the useful life of existing assets are capitalized. Amortization is calculated at the following annual rates:

Asset	Rate
Furniture and equipment	20% declining balance
Computer hardware and software	30% declining balance
Telecommunications equipment	30% declining balance
Automotive equipment	30% declining balance
Leasehold improvements	Straight line over the term of the lease

(c) Revenue recognition

Consumer Protection BC follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies cont.

(c) Revenue recognition (continued)

Tangible capital assets contributed or externally restricted contributions for the purchase of tangible capital assets are deferred and amortized over the life of the related tangible capital asset. Unamortized deferred capital contributions relating to tangible capital asset dispositions are recognized as revenue in the period of disposal, provided that Consumer Protection BC is in compliance with all restrictions.

Government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of funding.

Unrestricted interest, investment and recoveries income is recognized as revenue when earned.

License fees are recognized on a straight line basis as revenue throughout the period the license is valid.

Classification fees are recognized when earned.

(d) Accounts receivable

Consumer Protection BC conducts credit business with film distributors for film classification services. Ongoing credit evaluations are performed on customers and prepayment is required in the event of unsatisfactory payment history. An allowance for doubtful accounts for estimated losses due to the inability of customers to make payments is maintained. The allowance is adjusted periodically based on the best estimate of bad debt write offs.

(e) Employee benefit plan

i. Pension plan

Consumer Protection BC and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The Pension Corporation of British Columbia administers the Plan including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation (March 31, 2014) has determined that the Plan has a surplus of $392 million.

The pension plan liability or surplus rests with the Pension Corporation of British Columbia and does not belong to Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

2. Significant accounting policies cont.

(e) Employee benefit plan (continued)

ii. Defined supplemental retirement benefit plan

The supplemental retirement benefit plan payable at retirement is based on the employee's service and earnings projected to retirement. For employees currently not yet eligible to retire and receive the retirement benefit on the year-end date, the benefit is then prorated by the ratio of their service to date over their total service at the time of retirement. The prorated benefit represents the portion of the benefit accrued to the year-end date. For employees eligible to receive the retirement benefit at the year-end date, the expected retiring benefit payment has been included in the accrued liability. The value of the benefit is calculated based on the likelihood that the member will retire from the plan and discounted with interest to the current date.

(f) Long term disability

Consumer Protection BC contributes to the Public Service Long-term Disability Multiemployer Plan, as a member of an employer group. The long term disability plan liability rests with the Province of BC and is not a liability of Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the cost of these employee future benefits is recognized as an expense in the year that contributions are made.

(g) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long lived assets and amortized over the life of the asset. At this time, Consumer Protection BC has determined that there are no significant asset retirement obligations.

(h) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This includes but is not limited to the collection of receivables, useful lives of tangible capital assets and the accrual of liabilities, such as the defined supplemental retirement benefit.

3. Security payable

Under Section 14(2) of the Travel Industry Regulation, licensed travel agents in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned six months after the license is cancelled if there are no outstanding claims against the security. If claims are made by consumers for travel services that were prepaid but not received, the security is used to reimburse the Travel Assurance Fund for the claims. The licensee has the opportunity to reimburse the Travel Assurance Fund prior to the security becoming realized.

Under Section 12(1) of the Debt Collection Industry Regulation, licensed debt collectors in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned two years after the license is cancelled if there are no outstanding claims against the security.

		Debt		Travel		Total
Balance, beginning of year	$	161,507	$	2,495,000	$	2,656,507
Receipt		-		515,000		515,000
Refund		(14,000)		(205,000)		(219,000)
Balance, end of year	$	147,507	$	2,805,000	$	2,952,507

4. Short term investments

Short term investments are carried at fair value in accordance with the significant accounting policy disclosed in Note 2(a).

		2016		2015
Cash	$	5,138	$	11,636
Accrued investment income receivable		13,682		11,899
Guaranteed investment certificates		276,000		117,000
Bonds		209,904		304,284
	$	504,724	$	444,819

5. Investments

Investment are carried at fair value in accordance with the significant accounting policy disclosed in Note 2(a).

		2016		2015
Guaranteed investment certificates	$	551,900	$	431,900
Bonds		196,756		362,389
Preferred shares		257,866		236,926
Canadian equities		892,366		734,628
Foreign equities		477,712		500,036
	$	2,376,600	$	2,265,879

6. Operating line of credit

Consumer Protection BC maintains an operating line of credit in the amount of $1,000,000 with Scotiabank. The credit facility bears interest at Scotiabank's prime rate. As of December 31, 2016, there were no borrowings under the line of credit (2015: $Nil).

7. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value 2016	2015
Furniture and equipment	$ 541,126	$ 380,830	$ 160,296	$ 140,326
Computer hardware and software	1,725,202	873,857	851,345	593,130
Telecommunications equipment	24,952	18,969	5,983	8,546
Automotive equipment	93,858	38,013	55,845	79,779
Leasehold improvements	756,834	555,712	201,122	275,879
	$ 3,141,972	$ 1,867,381	$ 1,274,591	$ 1,097,660

8. Lease obligation and commitments

Consumer Protection BC has entered into lease agreements for its premises, computer equipment and a service contract for telecommunications and internet service. Future minimum lease payments are as follows:

	Premises	Equipment and Services	Total Future Commitments
2017	$ 334,220	$ 25,680	$ 359,900
2018	233,541	-	233,541
2019	233,541	-	233,541
2020	77,847	-	77,847
2021	-	-	-
	$ 879,149	$ 25,680	$ 904,829

9. Wages and benefits payable

Wages and benefits payable represents Consumer Protection BC's obligations for employee benefits that are expected to be settled during the next twelve months. The liabilities recognized for wages and benefits consist of the following amounts:

	2016	2015
Salaries payable	$ 441,508	$ 386,967
Employee leave liability	55,664	55,608
Source deductions payable	7,035	12,073
	$ 504,207	$ 454,648

10. Deferred revenue

Deferred revenue consists of funds received for licenses issued that are in effect for all or part of the next fiscal year. The balance consists of the following unrecognized license fees by industry:

		2016		2015
Cemetery/Crematorium	$	5,540	$	5,072
Debt collection		433,322		484,485
Film distribution		84,140		99,423
Funeral services		61,924		58,173
Home inspectors		70,745		62,234
Payday lenders		282,955		287,890
Telemarketing		39,015		46,900
Travel		215,635		206,166
	$	1,193,276	$	1,250,343

11. Deferred lease inducements

Deferred lease inducements represent unamortized inducements received as part of the lease contracts on the Uptown and Burnaby premises. The deferred portion of these inducements will be recognized over the term of the lease contracts as a reduction of rent expense in future periods.

		2016		2015
Balance, beginning of year	$	134,621	$	182,936
Amortized to expense		(48,315)		(48,315)
Balance, end of year		86,306		134,621
Current portion		(48,315)		(48,315)
Long term portion	$	37,991	$	86,306

12. Employee future benefits

(a) Public service pension plan

Consumer Protection BC has a defined benefit plan providing pension and other retirement benefits to its employees. The plan is administered by the Pension Corporation of British Columbia. Eligible employees make contributions to the plan via payroll deductions.

The employer contribution rate to the Public Service Pension Plan is 9.43% of the pensionable salary up to the year's maximum pensionable earnings and 10.93% on pensionable salary in excess of the year's maximum pensionable earnings. These rates have been in effect since April 1, 2012. The year's maximum pensionable earnings for 2016 was $54,900 (2015: $53,600).

Consumer Protection BC recognized $280,465 in employer contributions as an expense during the fiscal year (2015: $265,508).

(b) Defined supplemental retirement benefit plan

In addition to the Public Service Pension Plan, eligible employees are entitled to a supplemental retirement benefit as provided for under the collective agreement and terms of employment. The retirement benefit is based on years of service and final average salary and paid through an unfunded Defined Supplemental Retirement Benefit Plan, which is administered by Consumer Protection BC.

An independent actuarial valuation of the Defined Supplemental Retirement Benefit Plan has not been performed, therefore the amount accrued as a liability at December 31, 2016 is management's best estimate based on the following assumptions:

	Assumption
Accrued benefit obligation	$95,769
Discount rate	2.7%
Staff attrition rate	8% for staff with 10 years or greater year of service and 50% for staff with less than 10 years of service
Rate of compensation increase	2.0%

The full accrued benefit obligation has been recorded as a liability of Consumer Protection BC. Consumer Protection BC recognized $20,729 (2015: $10,990) as a supplemental retirement benefit expense during the fiscal year and made cash payments in the amount of $Nil (2015: $10,272).

(c) Long term disability plan

A funded long term disability multi-employer plan provides disability income benefits after employment, but before retirement.

The contribution rate is 0.81% of the employees' salary (2015: 0.10%). The total contributions recognized as an expense in the year were $18,388 (2015: $3,914).

13. Financial risk management

Consumer Protection BC adheres to an Investment Policy, which is approved by the Board of Directors, and outlines the objectives, policies, and processes related to its investing activities. The Investment Policy provides guidance on portfolio management and investment decisions.

Consumer Protection BC has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk of financial loss to Consumer Protection BC if a counterparty to a financial instrument fails to meet its contractual obligations. Consumer Protection BC's investments in short term investments and investments are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. Consumer Protection BC manages the risk by limiting the credit exposure allowed under the investment management guidelines in the Investment Policy. The Investment Policy mandates that the majority of the fixed-income portfolio will be invested in investment-grade securities and the maximum amount allowable per investment-grade non-government fixed-income security will be the greater of 10% of the portfolio or 15% of the fixed-income portfolio. The credit risk regarding cash and term deposits is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

(b) Liquidity risk

Liquidity risk is the risk that Consumer Protection BC will not be able to meet its financial obligations as they become due. The Investment Policy states that about 5% of the investment portfolio should be held in cash or cash equivalents for operational requirements. Consumer Protection BC aims to retain a sufficient cash position to manage liquidity.

13. Financial risk management cont.

(c) Market risk

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, and equity prices, will affect Consumer Protections BC's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while achieving return objectives.

i. Currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

Consumer Protection BC is exposed to currency risk on its foreign securities as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The Investment Policy asset allocation statement sets a maximum of 30% of the value of the investment portfolio will be invested in foreign securities.

ii. Interest rate risk

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments. Consumer Protection BC is invested in a number of individual bonds.

Interest rate risk is managed by the investment managers staggering the maturity dates of the individual fixed-income investment holdings and having no fixed-income investments with a term to maturity greater than ten years.

iii. Other price risk

The Investment Policy includes restrictions regarding minimum and maximum amount of cash and equivalents, fixed-income, Canadian equity, and foreign securities. The diversification across various asset classes is designed to decrease the volatility of portfolio returns.

14. Travel Assurance Fund

The Travel Assurance Fund is established pursuant to Section 130(2) of the Business Practices and Consumer Protection Act ("Act") and is funded by required initial and semi-annual contributions from registrants. It has been created to reimburse eligible consumers who have prepaid for travel services with a BC licensed travel agency, but did not receive the service. These compensation funds are to be maintained in trust and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and fund balance of the Travel Assurance Fund at December 31, 2016 are as follows:

Statement of Financial Position		2016		2015
Cash	$	911,606	$	853,198
Due from Consumer Protection BC		5,566		-
Interest receivable		-		715
Short term investments (Note 14(a))		821,654		728,815
		1,738,826		1,582,728
Investments (Note 14(b))		3,861,194		3,731,329
Total assets	$	5,600,020	$	5,314,057
Accounts payable	$	16,244	$	21,769
Due to Consumer Protection BC		-		7,687
Total liabilities		16,244		29,456
Fund balance		5,583,776		5,284,601
Total liabilities and fund balance	$	5,600,020	$	5,314,057

Statement of Operations		2016		2015
Contributions	$	221,287	$	188,539
Interest and investment income/(loss)		230,555		(31,314)
		451,842		157,225
Expenses		-		5,258
Payment of claims (Note 14(c))		7,642		173,074
Administration (Note 18)		145,025		140,000
		152,667		318,332
Excess/(deficiency) of revenue over expenses		299,175		(161,107)
Fund balance, beginning of year		5,284,601		5,445,708
Fund balance, end of year	$	5,583,776	$	5,284,601

14. Travel Assurance Fund cont.

(a) Short term investments

Short term investments of the Travel Assurance Fund are carried at fair value in accordance with the significant accounting policy disclosed in Note 2(a).

		2016		2015
Cash	$	22,714	$	6,675
Accrued investment income receivable		28,361		26,880
Guaranteed investment certificates		667,000		150,000
Bonds		103,579		545,260
	$	821,654	$	728,815

(b) Investments

Investment of the Travel Assurance Fund are carried at fair value in accordance with the significant accounting policy disclosed in Note 2(a).

		2016		2015
Guaranteed investment certificates	$	1,094,000	$	1,464,000
Bonds		1,199,955		840,978
Preferred shares		472,497		429,875
Canadian equities		1,094,742		996,746
	$	3,861,194	$	3,731,329

(c) Payment of claims

The Travel Assurance Fund paid out or was due to pay out $7,642 (2015: $173,074) in reimbursements for eligible claims. The maximum amount that may be paid from the fund to a claimant in respect of a claim is $5,000 for each person covered by the claim. Approved claims may include more than one person resulting in a payment greater than $5,000 per claim.

Failed Supplier	Approved Claims		Payments
Skyline Tours Ltd.	1	$	1,120
Air World Tour & Travel	1		6,522
	2	$	7,642

(d) Claims payable in subsequent period

The Travel Assurance Fund has received an additional 37 claims from consumers totaling $127,625 due to the closures of Golden Travel and Cara Tours. Consumer Protection BC has not yet made a determination on eligibility of claims for compensation by the Travel Assurance Fund. Therefore the amount of claims to be approved by the trustee and recognized as payable is not determinable.

15. Consumer Advancement Fund

The Consumer Advancement Fund is established pursuant to Section 139(1) of the Business Practices and Consumer Protection Act ("Act") and is funded by proceeds from court ordered actions taken against violators of the Act and various administrative penalties. It is created to fund education of consumers and suppliers on compliance with the Act. These funds are maintained in trust and administered by and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and fund balance of the Consumer Advancement Fund at December 31, 2016 are as follows:

Statement of Financial Position		2016		2015
Cash	$	350,240	$	418,162
Accounts receivable		-		196
Due from Consumer Protection BC		500		-
Interest receivable		-		320
Total assets	$	350,740	$	418,678
Accounts payable	$	-	$	525
Due to Consumer Protection BC		-		162
Total liabilities		-		687
Fund balance		350,740		417,991
Total liabilities and fund balance	$	350,740	$	418,678

Statement of Operations		2016		2015
Revenue	$	14,204	$	19,900
Interest		3,744		4,059
		17,948		23,959
Expenses		85,199		4,865
(Deficiency)/excess of revenue over expenses		(67,251)		19,094
Fund balance, beginning of year		417,991		398,897
Fund balance, end of year	$	350,740	$	417,991

16. Recoveries Fund

Recoveries consist of cost recoveries from legal actions and settlements Consumer Protection BC managed on behalf of consumers. Pursuant to a court order or consent agreement, Consumer Protection BC is authorized to deduct the costs it has incurred from the gross settlement proceeds prior to distributing the net amount to the damaged parties. Settlement amounts will vary from year to year depending upon the results of the actions taken. The statement of financial position and statement of operations and fund balance of the Recoveries Fund at December 31, 2016 are as follows:

16. Recoveries Fund cont.

Statement of Financial Position		2016		2015
Cash	$	-	$	35,254
Total assets	$	-	$	35,254
Accounts payable	$	-	$	11,555
Deferred revenue		-		20,000
Total liabilities		-		31,555
Fund balance		-		3,699
Total liabilities and fund balance	$	-	$	35,254

Statement of Operations		2016		2015
Revenue	$	40,028	$	11,555
Expenses (Note 19)		45,727		11,555
Deficiency of revenue over expenses		(3,699)		-
Fund balance, beginning of year		3,699		3,699
Fund balance, end of year	$	-	$	3,699

17. Compliance Order Trust

A Supplemental Compliance Order (the "Order") dated November 30, 2012 was issued by Consumer Protection BC under the Business Practices and Consumer Protection Act S.B.C 2004, c.2, against Cash Store Financial Services Inc. The Order contemplated certain payments being made to certain eligible consumers as determined pursuant to the Order. The Cash Store Financial Services Inc. received $1,078,328.00 to be used in accordance with the terms of the Order.

On April 9th, 2014, Consumer Protection BC and the Cash Store Financial Services Inc. entered into a trust agreement and declaration that created a trust for the holding of the aforementioned monies. The trust was called the Compliance Order Trust.

The trust declaration initially named Cash Store Financial Services Inc. as the trustee but provided Consumer Protection BC with the authority to replace the trustee if it was deemed necessary.

On July 9, 2014, as a result of Cash Store Financial Services Inc.'s inability to meet its obligations under the Order and Trust Declaration, Consumer Protection BC amended the trust declaration and replaced Cash Store Financial Services Inc. as trustee. Consumer Protection BC held the monies pursuant to the trust declaration and effected the refund process consistent with the Order until October 18, 2014, at which point the refund obligation on Cash Store Financial Services Inc. was deemed complete. Consumer Protection BC continues to hold the monies in trust and must administer them in accordance with Section 31 of the Order.

17. Compliance Order Trust cont.

These trust fund monies are to be held within the Compliance Order Trust account separate from other funds, to pay for claims submitted by claimants as described in the Order, until the claims period ends on October 18, 2020, at which time the funds will be recognized as revenue of the Consumer Advancement Fund. At December 31, 2016, the anticipated amount is reflected as both an asset and a liability of the Compliance Order Trust Fund. The statement of financial position and statement of operations and fund balance of the Compliance Order Trust at December 31, 2016 are as follows:

Statement of Financial Position		2016		2015
Cash held in trust	$	930,795	$	931,178
Total assets	$	930,795	$	931,178
Accounts payable	$	8,679	$	8,970
Trust liabilities		907,984		908,347
Total liabilities		916,663		917,317
Fund balance		14,132		5,861
Total liabilities and fund balance	$	930,795	$	923,178

Statement of Operations		2016		2015
Interest income	$	8,498	$	5,861
Expenses		277		-
Excess of revenue over expenses		8,271		5,861
Fund balance, beginning of year		5,861		-
Fund balance, end of year	$	14,132	$	5,861

18. Related party transactions

Administrative fees were collected by Consumer Protection BC from the Travel Assurance Fund in the amount of $145,000 (2015: $140,000) to compensate for the costs of administering the Fund.

Fees were collected by Consumer Protection BC from the Recoveries Fund in the amount of $45,727 (2015: $11,555) to compensate for investigative and legal costs.

19. Board and employee compensation

Director and non-union employee compensation was last reviewed by an external, third-party consulting firm in 2015. Reviews consist of comparing current compensation levels against those of similar government related organizations and the overall labour market. An independent review of the results is presented by the third-party firm to the Human Resources & Compensation Committee (HRCC). This HRCC assists the Board in discharging its responsibilities for Board and CEO compensation, including recommending changes to Board and CEO compensation to the Board for approval, as per the Committee Terms of Reference.

19. Board and employee compensation cont.

The Board members are compensated by annual retainers for all time spent on the Authority's business other than scheduled Board and Board committee meetings where the director is asked to attend by the Authority. The Board retainer compensates directors for activities such as time spent responding to Authority requests for information or advice, meetings under two hours, meeting preparation, and industry relations meetings.

The HRCC annually reviews CEO compensation so that the compensation plan continues to be competitive, transparent, accountable and affordable. The CEO is eligible for an annual performance incentives. The amount of the performance incentive is based on an annual evaluation of specific individual performance measurements established at the beginning of the year.

Union employee compensation is based on the collective agreement between Consumer Protection BC and the BC Government and Service Employees' Union (BCGEU). The collective agreement between Consumer Protection BC and BCGEU is effective from June 1, 2014 to December 31, 2017.

All compensation plans assist in motivating, retaining and attracting candidates of outstanding abilities.

Summary of Board Compensation		
Annual retainers and meeting fees	$	141,750
Expense reimbursements		11,894
	$	153,644

Reasonable out-of-pocket expenses and per diems are reimbursed at the same rate that is approved for the CEO and in accordance with the current Group III level of the British Columbia Public Service.

Summary of Employee Compensation		
Non-union employee wages and benefits	$	1,451,241
Union employee wages and benefits		2,395,166
	$	3,846,407

20. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.